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DEFENSE INTELLIGENCE AGENCY
WASHINGTON, D. C. 20301

11 July 1968

S-0500/XX-2

SUBJECT: [REDACTED] Viewer (U)

TO: Chairman, Exploitation Research and Development, EXRAND

1. (S) The 544th ARTW and numbered Air Force Squadrons in PCR F-8-006 programmed procurement of the [REDACTED] NOD-100 stereo viewer in FY 69. During the CIP review, DIA did not recommend support of this proposed Air Force procurement. This decision was influenced in large measure by RADC's evaluation of the equipment and by the fact that the [REDACTED] NOD-110, an expected improvement over the NOD-100, would continue to be developed under contract to NPIC.

2. (S) [REDACTED] has advised that it wants reimbursement for the cost of its developmental work on the NOD-100 as part of a negotiated price for the NOD-110. Two alternative approaches were suggested as a means of receiving this reimbursement.

a. The cost of the NOD-100 could be authorized in the cost of the NOD-110; or

b. A percentage of the cost of the NOD-110 could be offset by outright purchase of the NOD-100, amounting in this instance to [REDACTED]

3. (C) Discussion with [REDACTED] indicated that if the first alternative were chosen the contractual price of the NOD-110 would be raised to such a high level that NPIC, under present budgetary constraints, would not be able to afford to continue its developmental contract with [REDACTED]

On the other hand, despite the uncomfortable impression many of us had that the Government was being hijacked under pressure by a contractor, the second alternative seemed preferable, at the working level at least, since representatives of DIA, NPIC, and Army, Navy, and Air Force, had expressed unanimously a requirement for a follow-on viewer. For these reasons, correspondence was prepared to DIAPL which in effect changed the earlier position with respect to the procurement of the NOD-100, to permit the continued development of the NOD-110.

4. (S) This recommendation proved unacceptable and the following alternative was suggested. That EXRAND, taking cognizance of the need for a follow on viewer, request NPIC to invite competitive bids for the

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development of such equipment. It is believed that if the [redacted] Electronic equipment is as promising and relatively inexpensive as some believe, it should be in a position to successfully outbid its competitors. In taking this approach we realize that some development time may be lost in the total scheme of things, but we are confident that under the present circumstances this approach is in the Intelligence Community's best interests.

5. (C) Request you bring this matter to the attention of EXRAND and, assuming the Subcommittee reaffirms the requirement for a follow-on viewer, recommend that NPIC elicit competitive bids for its development.

[redacted]
Colonel, USAF
Chief, Support Division
Special Activities Office

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